

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-07 COME-00 TRSE-00 OMB-01 /064 W
-----190208Z 061042 /72

R 181145Z MAY 77
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 4667
INFO AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 1017

E.O. 11652: GDS
TAGS: PFOR, GY
SUBJECT: GUYANESE OFFICIALS SAY PRIVATE CAPITAL WELCOME

REF: GEORGETOWN 1015 (NOTAL)

SUMMARY: GUYANESE OFFICIALS HAVE INDICATED PRIVATELY AND PUBLICLY DURING THE PAST WEEK THAT THE PRIVATE SECTOR HAS A ROLE TO PLAY IN GUYANA. THEIR COMMENTS TO US, HOWEVER, REVEAL A LACK OF UNDERSTANDING OF HOW TO ATTRACT PRIVATE CAPITAL AND OF THE EXTENT TO WHICH GUYANA'S IMAGE IN THE US

WILL HAVE TO BE CHANGED BEFORE IT CAN EXPECT TO ATTRACT US PRIVATE INVESTORS. END SUMMARY.

1. DURING HIS BRIEFING OF THE NATIONAL WAR COLLEGE GROUP ON MAY 13, ACTING FOREIGN MINISTER HUBERT JACK SAID THAT GUYANA WOULD WELCOME FOREIGN PRIVATE INVESTMENT. THAT EVENING MINISTER OF STATE NASCIMENTO REPEATED THE SAME MESSAGE TO THE NWC GROUP. THEIR EXPLANATION OF PAST
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NATIONALIZATIONS WAS THAT MULTINATIONAL FIRMS HAD ESTABLISHED EXPLOITATIVE ARRANGEMENTS IN GUYANA DURING COLONIAL DAYS WITHOUT GUYANESE PARTICIPATION OR AGREEMENT. THE TERMS HAD BEEN HIGHLY FAVORABLE FOR THE MULTINATIONALS. NOW THE MAIN SECTORS OF THE ECONOMY WERE IN GUYANESE PUBLIC CONTROL, THE "DECKS WERE CLEARED," AND THE TURBULENCE OF THE NATIONALIZATION PROCESS WAS OVER.

THEREFORE, PRIVATE INVESTORS SHOULD HAVE NO HESITANCY ABOUT EXPLORING MUTUALLY BENEFICIAL INVESTMENT OPPORTUNITIES.

2. MINISTER JACK SAID THAT A NEW INVESTMENT POLICY WAS BEING DEVELOPED. UNDER IT, FOREIGN FIRMS COULD OWN 100 PERCENT OF FIRMS IN CERTAIN SECTORS. IN OTHERS, THE GOVERNMENT WOULD INSIST UPON RETAINING 51 PERCENT OWNERSHIP AND OTHER SECTORS WOULD BE RESERVED ENTIRELY FOR GUYANESE INVESTMENT.

3. THE GOG-CONTROLLED CHRONICLE PUBLISHED AN ARTICLE MAY 17 CONCERNING THE OPENING OF GUYANA'S FIRST SHINGLE MILL, UNDER A HEADLINE "A PLACE FOR PRIVATE SECTOR IN GUYANA: JACK." THE ARTICLE DESCRIBED A VISIT MINISTER JACK HAD MADE TO THE OPENING OF A SHINGLE PRODUCING FACILITY AT THE PRIVATELY-OWNED NAGASAR SAWH SAWMILL. JACK HAD COMMENDED THE INITIATIVE OF THE OWNERS OF THE COMPANY FOR DEVELOPING A SHINGLE-MAKING CAPACITY AT THEIR MILL. JACK REPORTEDLY SAID THAT THE PRIVATE SECTOR HAD A PLACE IN GUYANA'S ECONOMY AND THAT "ANYONE WHO HAS THE ABILITY, INITIATIVE AND THE DRIVE TO ENGAGE IN PRODUCTION CAN RELY ON ASSISTANCE FROM THE GOVERNMENT. HE ALSO COMMENTED THAT PRIVATE ENTREPRENEURS SHOULD TAKE INTO ACCOUNT THE LEGITIMATE ASPIRATIONS, NEEDS AND REQUIREMENTS OF THEIR WORKERS.

4. DURING A MEETING WITH THE CHARGE MAY 17 (SEPTTEL) PRIME MINISTER BURNHAM CONFIRMED THAT THE GOG WANTED CONFIDENTIAL

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FOREIGN PRIVATE INVESTMENT IN GUYANA. HE SAID THAT PUBLIC OR OFFICIAL FINANCING FROM ALL SOURCES WOULD NOT BE ADEQUATE TO MEET GUYANA'S DEVELOPMENT NEEDS. HE DID NOT INDICATE, HOWEVER, HOW HE PLANNED TO ATTRACT PRIVATE CAPITAL.

5. COMMENT: UNFORTUNATELY, THE IMAGE THAT GUYANESE OFFICIALS HAVE OF THEIR POLICIES AND TRUSTWORTHINESS FOR PRIVATE CAPITAL DIFFERS WIDELY FROM THE IMAGE HELD BY BUSINESSMEN IN GUYANA AND ABROAD. BURNHAM APPEARS TO HAVE THE VIEW THAT BECAUSE GUYANA HAS LIVED UP TO ITS OBLIGATIONS TO PAY ITS DEBTS IT SHOULD BE REGARDED WITH TRUST. HE AND SOME OTHER OFFICIALS APPEAR TO HAVE NO APPRECIATION FOR THE FACT THAT THERE ARE MANY COMPETING DEMANDS FOR CAPITAL AND IT WILL FLOW ONLY TO THE PLACES THAT PROMISE NOT ONLY SECURITY BUT ALSO THE HIGHEST RETURN. NEVERTHELESS, THEIR ADMISSION OF AWARENESS THAT PRIVATE INVESTMENT WILL BE NECESSARY FOR GUYANA'S DEVELOPMENT IS A START.
BLACKEN

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
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Review Release Date: n/a
Review Release Event: n/a
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SAS ID: 2474924
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Status: NATIVE
Subject: GUYANESE OFFICIALS SAY PRIVATE CAPITAL WELCOME
TAGS: PFOR, EINV, GY
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/20e0e390-c288-dd11-92da-001cc4696bcc
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